

**REVISIONS TO  
2023 NAIC ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL**

**NOV 2023**

- PAGE 263:**                    **Notes to Financial Statements**  
Revision:                    Update Note 20C  
Reason:                     Update to make Note 20C consistent with SSAP No. 100R
- PAGE 296:**                    **Notes to Financial Statements**  
Revision:                    Update the year references in Note 28A and 28B  
Reason:                     The dates in the illustration were not updated earlier in the year when preparing for publication.
- PAGE 308:**                    **Notes to Financial Statements**  
Revision:                    Update the year references in Note 35A(3)  
Reason:                     The dates in the illustration were not updated earlier in the year when preparing for publication.
- PAGE 333:**                    **State Page**  
Revision:                    Add instruction to Column 21  
Reason:                     Clarification instructions were added to Column 21
- PAGE 355:**                    **IMR**  
Revision:                    Update the year reference in the Table 1 title  
Reason:                     The date in the table were not updated earlier in the year when preparing for publication.

**EDITOR’S NOTE:**

The above changes are highlighted on the revised pages that follow.

Recent Blanks (E) Working Group agenda items (exposure drafts) may be viewed in detail on the BWG web page at [https://content.naic.org/cmte\\_e\\_app\\_blanks.htm](https://content.naic.org/cmte_e_app_blanks.htm).

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- C. A reporting entity shall disclose in the notes to the financial statements, as of each date for which a statement of financial position is presented in the quarterly or annual financial statements, the aggregate fair value or NAV for all financial instruments and the level within the fair value hierarchy in which the fair value measurements in their entirety fall. This disclosure shall be summarized by the type of financial instrument for which it is practicable to estimate fair value, except for certain financial instruments identified below.

The disclosures about fair value prescribed in the paragraph above are not required for the following: (Note: These exclusions are specific to Note 20C and do not impact the reporting of fair value that may be required in other SSAPs or statutory accounting schedules.)

- Employers' and plans' obligations for pension benefits, other postretirement benefits (see scope paragraph of *SSAP No. 92—Postretirement Benefits Other Than Pensions*), postemployment benefits, employee stock option and stock purchase plans, and other forms of deferred compensation arrangements, as defined in *SSAP No. 12—Employee Stock Ownership Plans*, *SSAP No. 104R—Share-Based Payments*, *SSAP No. 92—Postretirement Benefits Other Than Pensions* and *SSAP No. 102—Pensions*.
- Substantively extinguished debt subject to the disclosure requirements of *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*.
- Insurance contracts, other than financial guarantees and deposit-type contracts
- Lease contracts as defined in *SSAP No. 22R—Leases*.
- Warranty obligations and rights.
- Investments accounted for under the equity method.
- Equity instruments issued by the entity.
- **Deposit liabilities with no defined or contractual maturities.**

Fair value disclosed in the notes shall be presented together with the related admitted values in a form that makes it clear whether the fair values and admitted values represent assets or liabilities and to which line items in the Statement of Assets, Liabilities, Surplus and Other Funds they relate. Unless specified otherwise in another SSAP, the disclosures may be made net of encumbrances, if the asset or liability is so reported. A reporting entity shall also disclose the method(s) and significant assumptions used to estimate the fair value of financial instruments.

If it is not practicable for a reporting entity to estimate the fair value of the financial instrument or a class of financial instruments and the investment does not qualify for the NAV practical expedient, the aggregate carrying amount for those items shall be reported in the “not practicable” column with additional disclosure as required in paragraph 20D below.

- D. If it is not practicable for an entity to estimate the fair value of a financial instrument or a class of financial instruments, the following shall be disclosed:
- (1) Information pertinent to estimating the fair value of that financial instrument or class of financial instruments and the investment does not qualify for the NAV practical expedient, such as the carrying amount, effective interest rate and maturity; and
  - (2) The reasons why it is not practicable to estimate fair value.

Illustration:

**THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.**

A. Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2023	\$ 150	\$ 147			
9/30/2023	130	133	\$ 62		
6/30/2023	142	143	70	\$ 55	
3/31/2023	157	152	65	42	\$ 20
12/31/2022	125	132	70	27	20
9/30/2022	123	129	62	31	14
6/30/2022	112	120	54	20	16
3/31/2022	110	118	57	39	20
12/31/2021	68	75	34	20	10
9/30/2021	60	59	27	17	10
6/30/2021	57	60	31	15	10
3/31/2021	45	50	25	18	7

**THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.**

B. Risk-Sharing Receivables

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Received in Year Billed	Actual Risk Sharing Amounts Received First Year Subsequent	Actual Risk Sharing Amounts Received Second Year Subsequent	Actual Risk Sharing Amounts Received All Other
2023	2023	\$ 245	\$ 237	\$ 155	\$ 77	\$ 0			
	2024	XXX	\$ 189	XXX	XXX	XXX	XXX		
2022	2022	\$ 223	\$ 225	\$ 232	\$ 0	\$ 0	\$ 140		
	2023	XXX	\$ 245	XXX	XXX	XXX	XXX	XXX	XXX
2021	2021	\$ 190	\$ 178	\$ 174	\$ 0	\$ 0	\$ 125	\$ 50	
	2022	XXX	\$ 223	XXX	XXX	XXX	XXX	XXX	XXX

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**(NOTE: THIS DOES NOT INCLUDE THE BEGINNING AND ENDING NARRATIVE.)**

- (3) In accordance with the products/transaction recorded within the separate account, some separate account liabilities are guaranteed by the general account. (In accordance with the guarantees provided, if the investment proceeds are insufficient to cover the rate of return guaranteed for the product, the policyholder proceeds will be remitted by the general account.)

To compensate the general account for the risk taken, the separate account has paid risk charges as follows for the past five (5) years:

- a. 2023 \$ \_\_\_\_\_;
- b. 2022 \$ \_\_\_\_\_;
- c. 2021 \$ \_\_\_\_\_;
- d. 2020 \$ \_\_\_\_\_;
- e. 2019 \$ \_\_\_\_\_.

As of December 31, 20\_\_\_, the general account of XYZ Company had paid \$ \_\_\_\_\_ toward separate account guarantees. The total separate account guarantees paid by the general account for the preceding four years ending December 31, 20\_\_\_, 20\_\_\_, 20\_\_\_, and 20\_\_\_ was \$ \_\_\_\_\_, \$ \_\_\_\_\_, \$ \_\_\_\_\_, and \$ \_\_\_\_\_, respectively.

- (4) XYZ Company engages in securities lending transactions within the separate account. In accordance with such transactions conducted from the separate account, XYZ Company follows the same policies and procedures from the general account, except as follows:

- Description of deviation from general account policies/procedures

For the year-ended December 31, 20\_\_\_, XYZ Company loaned securities attributable to the following products/transactions in accordance with securities lending transactions:

- Variable Life Insurance Products (product identifier)
- Variable Annuities (product identifier)

Pursuant to the policies and procedures, XYZ Company is required to obtain approval and/or otherwise notify the contract holders that assets backing their investments may be loaned in securities lending transactions.

**B. General Nature and Characteristics of Separate Accounts Business:**

Most separate and variable accounts held by the company relate to individual variable annuities of a nonguaranteed return nature. The net investment experience of the separate account is credited directly to the policyholder and can be positive or negative. These variable annuities generally provide an incidental death benefit of the greater of account value or premium paid. In 1996 the company began offering a policy with a minimum guaranteed death benefit that is adjusted every seven years to the current account value. The assets and liabilities of these accounts are carried at market. The minimum guaranteed death benefit reserve is held in Exhibit 5, Miscellaneous Reserves Section, of the company's general account annual statement. This business has been included in Column 4 of the table below.

## **Death Benefits and Matured Endowments Incurred**

This section is only applicable to life and annuity contracts (Lines 1 through 33).

Column 13 – Incurred During Current Year

\*\*\* For 2023, the reporting entity can choose to break out Columns 14 through 21 and Columns 23 through 28 by Lines of Business for each group (Individual Life, Group Life, Individual Annuities, Group Annuities, and Accident and Health) OR report in the “Other” line for each group if the reporting entity chooses not to break out the lines of business for 2023 reporting. For 2024 reporting, all columns will need to be broken out by Lines of Business.\*\*\*

Column 14 – Totals Paid – Pols\Certs }  
Column 15 – Totals Paid – Amount }

Provide the amount for claims paid and the number of policies\certificates for the claims paid.

Column 16 – Reduction by Compromise – Pols\Certs }  
Column 17 – Reduction by Compromise – Amount }

Provide the amount for claims reduced by compromise and the number of policies\certificates for the claims reduced by compromise.

Column 18 – Amount Rejected – Pols\Certs }  
Column 19 – Amount Rejected – Amount }

Provide the amount for claims rejected and the number of policies\certificates for the claims rejected.

Column 20 – Total Settled During Current Year - Pols\Certs (Col 14+16+18)

Provide the total number of policies\certificates for claims settled during the current year.

Column 21 – Total Settled During Current Year - Amount (Col 15+17+19)

**Total settled should be for claims that are paid in full**

Column 22 – Unpaid December 31, Current Year

Should equal Column 22 (prior year) plus Column 13 minus Column 21.

Note: Prior Year data for this formula will not be available until 2024 reporting.

## **Policy Exhibit**

\*\*\* For 2023, the reporting entity can choose to break out Columns 14 through 21 and Columns 23 through 28 by Lines of Business for each group (Individual Life, Group Life, Individual Annuities, Group Annuities, and Accident and Health) OR report in the “Other” line for each group if the reporting entity chooses not to break out the lines of business for 2023 reporting. For 2024 reporting, all columns will need to be broken out by Lines of Business.\*\*\*

Column 24 – Issued During Year – Amount

For Individual Life and Group Life lines of business, use the Amount of Insurance amount.  
For Individual Annuities and Group Annuities lines of business, use the Account Balance amount.  
For Accident and Health lines of business, use the Premiums in Force amount.

Column 26 – Other Changes to in Force – Amount

For Individual Life and Group Life lines of business, use the Amount of Insurance amount.  
For Individual Annuities and Group Annuities lines of business, use the Account Balance amount.  
For Accident and Health lines of business, use the Premiums in Force amount.

The current Grouped Amortization Schedule will be posted to the NAIC web site in July of each year.

TABLE 1

Grouped Amortization Schedules  
for the Interest Maintenance Reserve  
for 2023 Gains (Losses)  
Interest Rate = 4.00%

Calendar Years to Maturity  
(Residential Mortgages)

Year-end	over 25	21-25	16-20	11-15 (21-30)	6-10 (11-20)	2-5 (3-10)	1 (1-2)	0 (0)
2023	1.0%	1.3%	1.9%	3.0%	5.4%	13.5%	49.5%	100.0%
2024	2.0%	2.8%	4.0%	6.1%	11.1%	28.0%	50.5%	
2025	2.1%	2.9%	4.1%	6.4%	11.6%	25.2%		
2026	2.2%	3.0%	4.3%	6.7%	12.0%	18.3%		
2027	2.3%	3.2%	4.5%	6.9%	12.5%	11.2%		
2028	2.4%	3.2%	4.7%	7.2%	13.1%	3.8%		
2029	2.5%	3.4%	4.8%	7.5%	12.0%			
2030	2.6%	3.5%	5.1%	7.8%	9.6%			
2031	2.7%	3.7%	5.2%	8.1%	7.0%			
2032	2.7%	3.8%	5.5%	8.4%	4.3%			
2033	2.9%	4.0%	5.6%	8.8%	1.4%			
2034	3.1%	4.1%	6.0%	8.1%				
2035	3.1%	4.3%	6.1%	6.5%				
2036	3.3%	4.5%	6.4%	4.7%				
2037	3.4%	4.6%	6.6%	2.8%				
2038	3.5%	4.9%	7.0%	1.0%				
2039	3.7%	5.0%	6.4%					
2040	3.8%	5.2%	5.1%					
2041	4.0%	5.5%	3.7%					
2042	4.2%	5.7%	2.2%					
2043	4.3%	5.9%	0.8%					
2044	4.5%	5.4%						
2045	4.7%	4.4%						
2046	4.8%	3.1%						
2047	5.1%	1.9%						
2048	5.2%	0.7%						
2049	4.9%							
2050	3.9%							
2051	2.8%							
2052	1.7%							
2053	0.6%							
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

NOTE 1: "Calendar Years to Expected Maturity" is defined in the preceding text. In the case of residential mortgages, where one-half the number of years to final maturity should be used, the parenthetical headings apply.